

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 630 Section 630.120 Jurisdictional Questions</b>
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**TITLE 86: REVENUE**

**PART 630**

**COUNTY WATER COMMISSION RETAILERS' OCCUPATION TAX**

**Section 630.120 Jurisdictional Questions**

- a) Mere Solicitation of Orders not Doing Business
  - 1) For a seller to incur County Water Commission Retailers' Occupation Tax liability in the territory of the Commission, the sale must be made in the course of such seller's engaging in the retail business within such territory. In other words, enough of the selling activity must occur within such territory to justify concluding that the seller is engaged in business within such territory with respect to that sale.
  - 2) For example, the Supreme Court has held the mere solicitation and receipt of orders within a taxing jurisdiction (the State), where such orders were subject to acceptance outside the taxing jurisdiction and title passed outside such jurisdiction, with the goods being shipped from outside such jurisdiction to the purchaser in such jurisdiction, did not constitute engaging in the business of selling within such jurisdiction. This conclusion was reached independently of any question of interstate commerce and so would apply to a county or territory of the Commission as the taxing jurisdiction as much as to the State as the taxing jurisdiction.
- b) Seller's Acceptance of Order
  - 1) Without attempting to anticipate every kind of fact situation that may arise in this connection, it is the Department's opinion, in general, that the seller's acceptance of the purchase order or other contracting action in the making of the sales contract is the most important single factor in the occupation of selling. If the purchase order is accepted at the seller's place of business within the territory of the County Water Commission (Commission) which imposes the County Water Commission Retailers' Occupation Tax or by someone who is working out of such place of business and who does not conduct the business of selling elsewhere within the meaning of subsections (f) and (g) of this Section, or if a purchase order which is an acceptance of the seller's complete and unconditional offer to sell is received by the seller's place of business within such territory or by someone working out of such place of business, the seller incurs County Water Commission Retailers' Occupation Tax liability in such territory if the sale is at retail and the purchaser receives the physical possession of the property in Illinois.

- 2) The Department will assume that the seller has accepted the purchase order at the place of business at which the seller receives such purchase order from the purchaser in the absence of clear proof to the contrary.
  - 3) Regardless of the place at which the purchase order is accepted, where tangible personal property is located within such territory at the time of its sale (or is subsequently produced in the territory) then delivered in Illinois to the purchaser, and no municipality or county outside such territory where the tangible personal property is located in this State would receive or would have the power to impose a County Water Commission Retailers' Occupation Tax with respect to such sale, the seller will be considered to be engaged in business in such territory for County Water Commission Retailers' Occupation Tax purposes with respect to such sale.
- c) Some Considerations Which are not Controlling
- 1) Delivery of the property within the territory to the purchaser is not necessary for the seller to incur County Water Commission Retailers' Occupation Tax liability. It is sufficient that the purchaser receives the physical possession of the property somewhere in Illinois as far as the question of delivery is concerned. This is true because there is no exemption for intercity commerce comparable to the exemption arising from interstate commerce, and it is not necessary for delivery to be completed within the territory for the seller to be regarded as being engaged in the business of selling within the territory with respect to that sale.
  - 2) The point at which the tangible personal property will be used or consumed and the place at which the purchaser resides are also immaterial in determining whether or not the seller incurs County Water Commission Retailers' Occupation Tax liability. Furthermore, the place at which the technical sale occurs (i.e., the place at which title passes) is not a decisive consideration since the phrase "in the territory" in Section 4 of the Water Commission Act of 1985 refers only to the location of the occupation of selling that is being taxed and not to the place where sales may be made.
- d) Place of Business Where Long Term or Blanket Contracts are Involved
- Under a long term blanket or master contract which (though definite as to price and quantity) must be implemented by the purchaser's placing of specific orders when goods are wanted, the seller's place of business with which such subsequent specific orders are placed (rather than the place where the seller signed the master contract) will determine where the seller is engaged in business for County Water Commission Retailers' Occupation Tax purposes with respect to such orders. (See *Standard Oil Company v. Department of Finance, et al.*, 383 Ill. 136 (1934), for a similar problem under the Retailers' Occupation Tax Act.)
- e) Sales Through Vending Machines

The seller's place of engaging in business when making sales through a vending machine is the place where the vending machine is located when such sales are made.

f) Sales From Vehicles Carrying Uncommitted Stock of Goods

The seller's place of engaging in business when making sales and deliveries (not just deliveries pursuant to previously accepted orders, but actual sales and deliveries) from a vehicle in which a stock of goods is being carried for sale is the place at which such sales and deliveries happen to be made - the vehicle carrying such stock of goods for sale being regarded as a portable place of business.

g) Sales of Coal or Other Minerals

- 1) For the purpose of determining whether the County Water Commission Retailers' Occupation Tax is applicable for a retail sale by a producer of coal or other mineral mined in Illinois, the sale is a sale at retail at the place where the coal or other mineral mined in Illinois is extracted from the earth. For purposes of this Section, "extracted from the earth" means the location at which the coal or other mineral is extracted from the mouth of the mine.
- 2) A retail sale is a sale to a user, such as a railroad, public utility or other industrial company for use. "Mineral" includes not only coal, but also oil, sand, stone taken from a quarry, gravel and any other thing commonly regarded as a mineral and extracted from the earth.
- 3) A mineral mined in Illinois, but shipped out of Illinois by the seller for use outside Illinois, will generally be tax exempt under the Commerce Clause of the Federal Constitution (i.e., a sale in interstate commerce). This exemption does not extend, however, to sales to carriers, other than common carriers by rail or motor, for their own use outside Illinois if the purchasing carrier takes delivery of the property in the territory and transports it over its own line to an out-of-State destination.
- 4) A sale by a mineral producer to a wholesaler or retailer for resale would not be a retail sale by the producer and so would not be taxable. The taxable sale (retail sale) is the final sale to the user, and the County Water Commission Retailers' Occupation Tax on the sale will be applicable if the retailer is located in such territory that imposes a County Water Commission Retailers' Occupation Tax.

(Source: Amended at 24 Ill. Reg. 17808, effective November 28, 2000)